Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA § 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

Lydia and Victoria Newberry and

Range Resources-Pine Mountain Inc. LLC

DOCKET NO.

06-0117-1568-01

RELIEF SOUGHT:

Issuance:

A Supplemental Order for Disbursement of Escrowed Funds

Action:

Amending Prior Orders Affecting Drilling Unit VC-535686, Tract 2

(Referenced herein as "the Subject Drilling Unit")

Location:

Buchanan County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit VC-535686 by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's Escrow Subaccount for **VGOB Tract(s) identified in** Table 1.

REPORT OF THE BOARD FINDINGS AND ORDER

- 1. Hearing Date and Place: This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on September 16, 2008 at the Southwest Virginia Higher Education Center on the campus of Virginia Highlands Community College, Abingdon, VA.
- 2. <u>Appearances</u>: James E. Kaiser, Esq. appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
- 3. Jurisdiction and Notice: Pursuant to Va. Code §§ 45.1-361.1 et seq., and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract subaccounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract subaccounts. The Board finds that: (1) while it does not have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it does not have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, the Board does have jurisdiction and authority to disburse funds from the Escrow Account provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein.

4. **Prior Proceedings**:

- 4.1. (a) On March 8, 2006, the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Buchanan County on March 13, 2006, Instrument Number 060000772. The Board executed its Supplemental Order Regarding Elections that was filed with the Clerk on August 16, 2006, Instrument Number 060002684 (hereafter all orders are collectively referred to as the "Pooling Orders").
- 4.2 To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the coal estate ownership interests of Range Resources-Pine Mountain Inc. and the gas and oil ownership interests of Lydia Victoria Newberry in a tract known as VGOB Tract 2 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3 The Unit Operator's Miscellaneous Petition regarding Tract 2, a copy of which is attached to and made a part hereof, states under oath that Range Resources-Pine Mountain Inc. and the Applicants have entered into an agreement with regards to Tract 2 and that by the terms of the agreements, Range Resources Pine Mountain Inc. has entered into a split agreement regarding this Tract and escrow regarding these individual conflicting claims detailed herein, is no longer required.
- 4.4 The Unit Operator gave notice to Range Resources-Pine Mountain Oil and Gas, Inc. and the applicants that the Board would consider its disbursement authorization at its hearing on September 16, 2008 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to Tract 2 as identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 2 and the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because parties other than those seeking disbursement under this order are subject to continued payments in the escrow.
- 4.5 The Unit Operator filed the attached accounting (Exhibit A) for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. Findings:

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tract in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

 Lydia Victoria Newberry and Range Resources-Pine Mountain Inc respectively, are the owners of the coal estate, gas and oil acreage estate underlying VGOB Tract 2 of the Subject Drilling Unit;

1

(2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

VGOB Approved Disbursement VGOB 06-0117-1568-01

	VGOB 06-0117-1568-01	Acerage Interest	Split Agreement	Acres	% of Escrowed Funds	Disbursement \$
	Tract 2					
	Disbursement Table					
		*1	ge week king is	37.410	est 4	
1	Lydia Victoria Newberry, 14810 West Calavar Road, Surprise, AZ 85379	37.410		28,058	47.7412%	
2	Range Resources-Pine Mountain, Inc. PO Box 2136, Abingdon, VA 24212		25.0%	9.353	15.9137%	

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.

8. Appeals:

Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

9.	Effective Date: This Order shall be effective on the date of its execution.
	DONE AND EXECUTED this day of
	Benny R Wampler Chairman
	DONE AND PERFORMED this 6 day of November, 2008, by an Order of this Board.
	David E. Asbury Jr. David E. Asbury Jr. Principal Executive to the Staff Virginia Gas and Oil Board
Conthe	OMMONWEALTH OF VIRGINIA) OUNTY OF WASHINGTON Acknowledged on this day of word, 2008, personally before me a notary public in and for the mmonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is the Chairman of Virginia Gas and Oil Board and David E. Asbury Jr., being duly sworn did depose and say that he is Principal Executive he Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.
Му	commission expires: 9 130 09 Diane J. Davis Notary Public #174394
	COMMISSION EXPIRES

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS:

Equitable Production Company on behalf of Lydia

Victoria Newberry and Range Resources-Pine

Mountain Inc.

DOCKET NUMBER: VGOB

VGOB 06-01-17-1568-01

RELIEF SOUGHT:

Supplemental Order for Disbursement of Escrowed

Funds on behalf of Lydia Victoria Newberry and

Range Resources-Pine Mountain Inc.

LEGAL DESCRIPTIONS:

Drilling Unit Number 535686 created by Board

Order Dated March 13, 2006 VGOB 06-01-17-1568 in

Buchanan County, Virginia.

HEARING DATE:

September 16, 2008

MISCELLANEOUS PETITION

1. Party: Applicant herein is Lydia Victoria Newberry, (hereinafter "Plaintiff), whose address is 14810 West Calavar Road, Surprise, AZ 85379; and Range Resources-Pine Mountain Inc., whose address is 406 W. Main Street, Abingdon, VA 24212.

2. Facts:

- a. Equitable was designated as the Operator and Applicants interests were Pooled in the 535686 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on March 13, 2006, pursuant to Docket No. VGOB 06-01-17-1568 and recorded in the Circuit Court Clerk's Office Buchanan County, Virginia on August 16, 2006, Instrument Number 060002684 (hereinafter "Order").
- b. The Order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
- c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.

- d. Pine Mountain Oil and Gas, Inc. was a conflicting claimant with the above-listed Plaintiff with regard to Tract 2 as created by Board Order as VGOB 06-01-17-1568 is the applicable Tracts.
- e. To resolve this conflict, a Letter dated January 18, 2008 signed by Phil Horn, District Landman of Pine Mountain Oil and Gas, Inc. is attached hereto and incorporated herein as Exhibit "A".
- f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiff herein, accordingly.
- h. Applicants/Plaintiff herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
 - 1. The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
 - 2. Legal Authority: Va Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
 - 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
 - Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
 - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
 - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.

- d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.
- Granting such other relief as is merited by the evidence and is e. just and equitable whether or not such relief has been specifically requested herein.

Dated this 15th day of August 200

Petitioner

Address: Wilhoit & Kaiser 220 Broad Street

Kingsport, TN 37660

CERTIFICATE

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19.

Petitioner /sp



May 12, 2008

Ms. Nikki Atkison **EQUITABLE PRODUCTION COMPANY** 225 North Shore Drive Pittsburgh, PA 15212

> Permanent Split of Royalty RE:

> > VC-535686, VC-2914, and Haysi 142

and any future CBM Wells Furl Newberry 225.6 Acre Lease Buchanan County, Virginia

Dear Ms. Atkison:

I enclose a copy of a letter dated January 18, 2008, between Range Resources – Pine Mountain, Inc., and Lydia Victoria Newberry, wherein the parties have agreed to a 75%/25% permanent split of escrowed royalty and all future royalty from the above wells and any other CBM wells that include a portion of the Furl Newberry 225.6 acre lease. Please release the escrowed royalty to Lydia Victoria Newberry and Range Resources -Pine Mountain, Inc., and begin making all future payments to the parties pursuant to their agreement.

By copy of this letter, I am notifying Lydia Victoria Newberry of Pine Mountain's action on this matter. If you have any questions or comments, please do not hesitate to contact me by phone at (276) 619-2644 or by e-mail at aedmisten@gl-energy.com.

Sincerely,

RANGE RESOURCES - PINE MOUNTAIN, INC.

Ann Edmisten, CLAS Land Technician

Enclosure

Lydia Victoria Newberry cc:

Wanda (PMOG) w/original enclosure

D. Louthian (PMOG) w/enclosure

P. Horn (PMOG) w/enclosure

D. Hall (EPC) w/enclosure (dhall@eqt.com)

Range Resources - Pine Mountain, Ir.c.

406 W. Main Street

Abingdon, VA 24212

Tel. (276) 628-9001

Fax (276) 628-7246



January 18, 2008

Ms. Lydia Victoria Newberry 14810 West Calavar Road Surprise, AZ 85379

Re: Permanent Split of CBM Royalty

Furl Newberry - 225.60 Acres

VC-535686, VC-2914, and Haysi 142 CBM Wells

Buchanan County, Virginia

Dear Ms. Newberry:

As you are aware, Equitable Production Company ("EPC"), has drilled the referenced coalbed methane gas wells on a tract of land (the "Property" or "Subject Tract") in which Range Resources — Pinc Mountain, Inc. ("RR-PM"), formerly Pine Mountain Oil and Gas, Inc., owns the coalbed methane gas through its deed from the former coal owner underlying the Property and you own the gas. The above has created conflicting claims as to the ownership of the coalbed methane gas on the Subject Tract between RR-PM, as the owner of the coalbed methane gas through its deed from the former coal owner, and you, as the owner of the gas. A plat for each of the above wells indicating the location of the well within the operating unit is enclosed for your reference.

Due to our conflicting interests in the Subject Tract, EPC, as operator of the unit, has placed all royalty proceeds attributable to our conflicting interests into an escrow account. These royalty proceeds will remain in the escrow account until either a final legal determination of our conflicting claims to the coalbed methane gas is made or we reach an agreement on the division of the royalty proceeds. The most economical and expedient way to secure a release of the escrowed funds is for us to enter into an agreement which sets forth how the funds are to be distributed. Accordingly, in order to avoid the expense and time required to resolve the ownership question through the courts, RR-PM proposes resolving this matter by the agreement described below. Such an agreement will allow us to request distribution of the proceeds presently held in the escrow account and direct payment of all future proceeds.

RR-PM proposes that you receive disbursement of 75% of the proceeds held in the escrow account on the above-mentioned wells and that RR-PM receive disbursement of 25% of the proceeds held in the escrow account on the above-mentioned wells. RR-PM proposes the same percentage division for all future production payments which may accrue to our conflicting interests from the above-mentioned wells. RR-PM will, at its sole expense, pursue the administrative process required to secure release of the proceeds held in the escrow account and will absorb all future costs of administering this letter agreement. None of these expenses and costs will be deducted from your 75% of the royalty proceeds. It is also agreed that the royalty from any future coalbed methane gas wells drilled upon the subject tract or upon other lands in which the subject tract is pooled therewith will be permanently split in the same 75%/25% proportion.

Range Resources - Pine Mountain, Inc.

06 W. Main Street P. O. I

Abingdon, VA 24212

Tel. (276) 628-9001

Fax (276) 628-7246

January 18, 2008 Page 2 of 3

If this division of proceeds is agreeable with you, RR-PM will diligently pursue the administrative processes required to secure release of the proceeds in the escrow account to you and RR-PM. You will be provided with copies of the correspondence to EPC, requesting distribution of the escrowed funds as well as the directive to EPC to pay all future royalties and other benefits attributable to our conflicting interests in the same 75% / 25% proportion.

This letter agreement effects a permanent division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned wells and future wells which agreement is binding upon you, your heirs and assigns and RR-PM and its successors and assigns. By entering into this agreement, the parties agree to refrain from making any claim or bringing any suit against the other party attacking the other party's coalbed methane interests set forth in this letter agreement. It is expressly agreed by the parties hereto that the division of the accrued, suspended or escrowed royalty payments and all future royalty payments on the above-mentioned well shall remain subject to this letter agreement, regardless of any subsequent judicial determination of ownership of coalbed methane in the Commonwealth of Virginia. Provided, however, nothing contained in this letter agreement shall change or alter the parties' common law rights and liabilities or the legal title to their respective coal and gas estates.

By entering into this letter agreement, you confirm that you are the current record title owner of the gas estate underlying the tract attributed to the Furl Newberry 225 acre tract as shown on the enclosed plats. If you are not the current gas owner, please notify us immediately.

By accepting the terms and conditions of this letter agreement, you are directing EPC to disburse royalties in accordance with this agreement. It is understood and agreed that no other terms or conditions of your lease with EPC are affected by this letter agreement.

Please evidence your agreement to these terms by signing this letter agreement on the line indicated below and returning this letter agreement to RR-PM in the enclosed self-addressed, stamped envelope. If you have any questions, please do not hesitate to call me at 276-619-2583.

Sincerely,

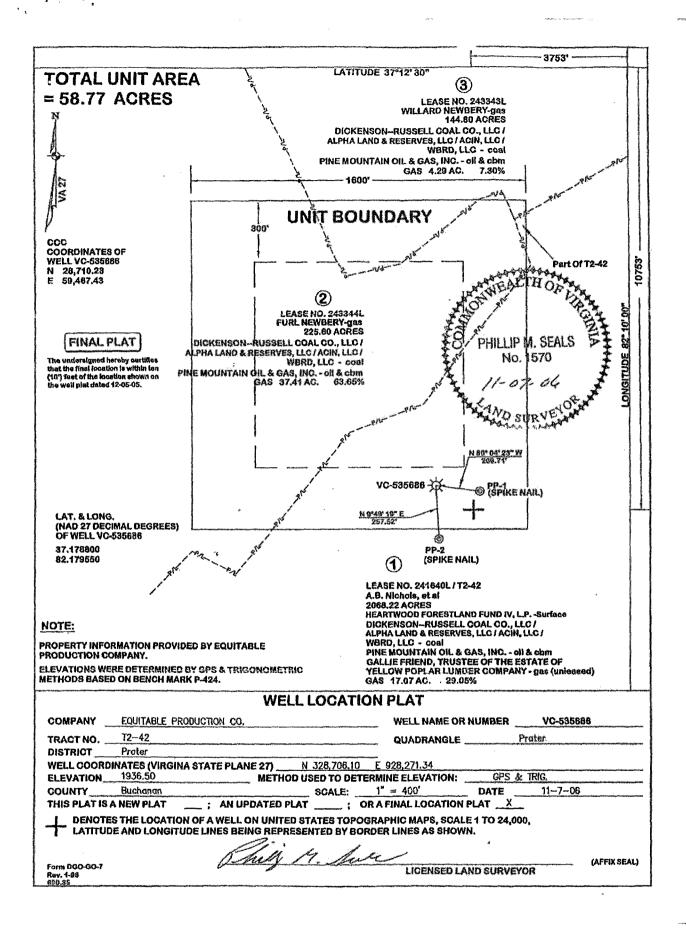
RANGE RESOURCES - PINE MOUNTAIN, INC.

Phil Horn

District Landman

Enclosures

AGREED TO AND ACCEPTED	BY:
An way	
Lydia Victoria Newberry	eisturay
į. kydiu vietosiu ive vietij	
RANGE RESOURCES - PINE M	OUNTAIN, INC.
(Formerly Pine Mountain Oil and	Gas, Inc.)
BY: Vpel Hoen	
Phil Horn	
District Landman	
STATE OF ARIZONA	
COUNTY OF Maricops	to-wit:
1 Dogge ligh	, a Notary Public in and for the State
and County aforesaid, do hereby ce	rtify Edia Victoria Newberry, whose name is signed to the
	of the 18 th day of January, 2008, has this day acknowledged the
same before me, in said County and	State.
Given under my hand and no	tarial seal this the day of, 2008.
My commission expires:	9.17.08
DEANNA J. WHITING	
Notary Public - Arizona Maricopa County	Notary Public
My Commission Expires September 17, 2008	Registration #
COMMONWEALTH OF VIRGINIA	Α
COMMONWEALTH OF VIRGINIZ	4
COUNTY OF WASHINGTON, to-1	vit:
I, Rebecca Ann M. Edmisten	, a Notary Public in and for the State and County aforesaid, do
	Landman for Range Resources – Pine Mountain, Inc., formerly
	those name as such is signed to the writing hereto annexed, 2008, has this day, before me, in my said County acknowledged
the said writing on behalf of said cor	
Chroni yandan may hamid and an	tarial seal this the 18 Hay of January, 2008.
	darial sear this the 18 day of January, 2008.
Mysenmission expires:	1/31/2012
DOTARL E	Heliana Clay M Showita
(mms /)	Notary Public
CAUBLIO S	Registration #: 169828



VGOB 06/01/17-1568 VC-535686

FRACT			OWNER NET	TOTAL NET	-	OWNER % IN	OWNER % IN OWNER AMOUNT IN
<u>S</u>	OWNER NAME and ADDRESS	SPLIT %	INTEREST	SPLIT % INTEREST ESCROW INTEREST	ESCROW 6/08/2008	ESCROW 6/08/2008	ESCROW 6/08/2008 ESCROW 6/08/2008
7	Lydia Victoria Newberry 14810 West Calavar Road Surprise, AZ 85379	75%	0.05967188 0.05967188	0.12500000	Bank Total - \$46975.45 Equitable Total - \$46975.45	47.74%	\$22,424.91 \$22,424.91
7	Range Resources - Pine Mountain, Inc PO Box 2136 Abingdon, VA 24212	25%	0.01989063	0.12500000	Bank Total - \$46975.45 Equitable Total - \$46975.45	15.91%	\$7,474.97 \$7,474.97

EXHIBIT "E" VC-535686

Revised 05/19/2008

TRACT	LESSOR	LEASE STATUS	INTEREST WITHIN <u>UNIT</u>	GROSS ACREAGE <u>IN UNIT</u>
		Gas Estate Only		
1	Yellow Poplar Lumber Company Unknown	Unleased	29.050000%	17.0700
Tract 1 Totals			29.05%	17.0700
3	Willard Newberry and Audrey Newberry H/W Route 1, Box 482 Vansant, VA 24656-9728	Leased-EPC 243343L	7.300000%	4.2900
Tract 3 Totals			7.30%	4.2900
	TOTAL GAS ESTATE		36.35%	21.3600
		Coal Estate Only		
1	Pine Mountain Oil & Gas, Inc. Attn: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased-EPC 241640L	29.050000%	17.0700
Tract 1 Totals			29.05%	17.0700
3	Pine Mountain Oil & Gas, Inc. Attn: Jerry Grantham P.O. Box 2136 Abingdon, VA 24212	Leased-EPC 241640L	7.300000%	4.2900
Tract 3 Totals			7.30%	4.2900
	TOTAL COAL ESTATE		36.35%	21.3600
	IOTAL OUAL LOTATE		30.33 /6	21.3000

BU 1924

INSTRUMENT #080004229
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
NOVEMBER 12, 2008 AT 02:56PM

BEVERLY S. TILLER, CLERK RECORDED BY: AKT

-